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***ATTORNEYS FOR PIZZA HUT, LLC***

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION**

<b>In re:</b>	§	<b>Case No. 24-41669</b>
	§	
<b>EYM PIZZA, L.P., et al.,</b>	§	<b>Chapter 11</b>
	§	
<b>Debtors.</b>	§	<b>(Jointly Administered)</b>
	§	
	§	

**PIZZA HUT, LLC’S RESERVATION OF RIGHTS REGARDING  
DEBTORS’ MOTION TO REJECT LEASES**

Pizza Hut, LLC (“Pizza Hut”), by and through its undersigned counsel, hereby files *Pizza Hut, LLC’s Reservation of Rights Regarding Debtors’ Motion to Reject Leases* (the “Reservation of Rights”) to the *Debtors’ Motion to Reject Leases* [Docket No. 234] (the “Lease Rejection Motion”).<sup>1</sup> In support of this Reservation of Rights, Pizza Hut respectfully represents as follows:

1. As discussed in previous filings by Pizza Hut in these chapter 11 cases, Pizza Hut is the franchisor of Pizza Hut® restaurants and one of the world’s largest and most successful restaurant companies, offering pizza, pasta, wings, and other Italian-style food items in almost

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<sup>1</sup> Any capitalized terms used but not defined herein shall have the meanings ascribed to such terms as set forth in the Lease Rejection Motion.

20,000 restaurants in over 73 countries, including more than 6,500 Pizza Hut restaurants in the United States. *See, e.g.*, Docket Nos. 136, 239, 249.

2. Pizza Hut historically was the franchisor with respect to the Debtors' restaurants. However, the six franchise agreements governing all the Debtors' locations in Indiana, Illinois, Georgia and South Carolina were terminated prepetition and the franchise agreement with respect to the Debtors' locations in Wisconsin terminated according to its terms postpetition (together, the "Terminated Franchise Agreements"). *See, e.g.*, Docket Nos. 13 and 136. Accordingly, the Debtors are now and have been throughout these bankruptcy cases operating their locations as Pizza Hut-branded restaurants and generating all of their income without any underlying franchise agreements. By continuing to utilize Pizza Hut's intellectual property and other support services to operate their businesses, the Debtors have accrued significant postpetition administrative claims held by Pizza Hut.

3. Because of the guardrails provided by the Court-approved bankruptcy process, Pizza Hut has agreed to allow the Debtors to operate without franchise agreements (while fully reserving all its rights with respect thereto), out of a desire to preserve its footprint in these communities for the benefit of the Pizza Hut team members and customers connected to these restaurants, other franchisees and other creditors in these chapter 11 cases. *See, e.g.*, Docket Nos. 13 and 136. But the time to pay the piper is nearing. Pizza Hut intends to file a motion seeking allowance of an administrative expense claim as a result of the value provided to the Debtors' estates through the continued use of Pizza Hut's intellectual property and other support services.<sup>2</sup>

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<sup>2</sup> As Pizza Hut set forth in its *Statement and Reservation of Rights of Pizza Hut, LLC Regarding the Debtors' Motion for Use of Cash Collateral* [Docket No. 136], Pizza Hut will seek "[a]n allowed administrative expense claim for the post-petition period, senior to all claims and liens over the Debtors' assets, including those of the Secured Lender, at a rate commensurate to the fees to which Pizza Hut and its advertising partner International Pizza Hut Franchise Holder's Association would have been entitled under the Debtors' various franchise agreements prior to their termination (the "Post-Petition Operating Fees")

4. By the Lease Rejection Motion, the Debtors contemplate the rejection of approximately 49 real property leases (collectively, the “Lease Rejections”) related to the Debtors’ portfolio of Pizza Hut-branded restaurants. These rejections are part-and parcel to the Debtors’ proposed sale of substantially all of its assets (collectively, the “Sale”), with respect to which an auction was held on January 28, 2025 (the “Auction”). To be clear, Pizza Hut is supportive of both the Lease Rejections and the Sale as a result of the Auction, and nothing contained in this Reservation of Rights should be construed as an objection to either.

5. However, any Sale proposed by the Debtors must constitute not only the highest and best offer for the assets being sold in the Debtors’ business judgment (*see Gluckstadt Holdings, L.L.C. v. VCR I, L.L.C. (In re VCR I, L.L.C.)*, 922 F.3d 323, 326-327 (5th Cir. 2019)), but also must be a result of an informed decision rooted in good faith for this business judgment standard to apply. *See, e.g. In re Celsius Network LLC*, No. 22-10964 (MG), 2022 WL 16641766, at \*2 (Bankr. S.D.N.Y. Nov. 2, 2022) (“A debtor’s business judgment will be respected if the debtor made *an informed decision in good faith* and with the honest belief that the action taken is in the best interests of the company.”) (quotation marks and citation omitted; emphasis added); *see also F.D.I.C. v. Christensen*, No. 3:13-CV-00109-PK, 2013 WL 3305242, at \*3 (D. Or. June 28, 2013) (citing ALI Principles, Comment to § 4.01(c)) (“[t]he great weight of case law and commentator authority supports the proposition that an informed decision . . . is a prerequisite to the legal insulation afforded by the business judgment rule.”).

6. To the extent that it is later determined that the Sale was not based on informed business judgment reached through a good faith process, Pizza Hut reserves all rights to raise that issue to the extent it was detrimental to Pizza Hut or the Debtors’ bankruptcy estates, notwithstanding its acquiescence to the Lease Rejections or the Sale.

7. Accordingly, Pizza Hut reserves any and all rights, and Pizza Hut's consent to the Lease Rejections or the Sale should not be construed as a waiver of any Pizza Hut's ability and right to raise any issues with respect to the Debtors' good faith.

Dated: January 29, 2025

Respectfully Submitted,

/s/ Charles R. Gibbs

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**CERTIFICATE OF SERVICE**

The undersigned counsel hereby certifies that on January 29, 2025, he caused a true and correct copy of the foregoing *Pizza Hut, LLC's Reservation of Rights Regarding Debtors' Motion to Reject Leases* (the "Reservation of Rights") to be served on all registered users of the CM/ECF system for the United States Bankruptcy Court for the Eastern District of Texas who have appeared in these chapter 11 cases, as reflected on the attached Service List. The undersigned further certifies that on January 30, 2025, he caused a true and correct copy of the Reservation of Rights to be served on certain parties by First Class U.S. Mail, as reflected on the attached Service List.

/s/ Eric C. Seitz

Eric C. Seitz

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